

## Independent Auditor's Report

### To the Members of Columbia Valley Credit Union

We have audited the accompanying financial statements of Columbia Valley Credit Union, which comprise the statement of financial position as at December 31, 2017 and the statements of income, retained earnings, comprehensive income and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Columbia Valley Credit Union as at December 31, 2017 and its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards.

  
**Adams Wooley**  
Chartered Professional Accountants

Cranbrook, BC  
February 27, 2018

## Notice of Special Resolution: Alteration of the Credit Union Constitution and Rules

The Board of Directors of Columbia Valley Credit Union hereby notifies the membership of the Credit Union that the Directors intend to submit for approval, 2 special resolutions to the membership.

### 1. Be It Resolved, as a special resolution, that:

The Rules of Columbia Valley Credit Union be amended by deleting Rule 4.17 and replacing it with the following Rule 4.17:

- By written vote, including by mail ballot or in branch, or
- By electronic means

### 2. Be It Resolved, as a special resolution, that:

The Rules of Columbia Valley Credit Union be amended by deleting Rule 5.6 and replacing it with the following Rule 5.6:

Each person desiring to cast a vote in an election of directors, or on a resolution or a special resolution, or as to any other matter, shall do so:

- By written vote, including by mail ballot or in branch, or
- By electronic means

And on request, present evidence of age, identity and membership, and a declaration that the member has not previously voted or cast a ballot on the same issue or in the election then in progress.



**Sharon Eddy**  
General Manager



E-mail: [cvcu@cvcu.bc.ca](mailto:cvcu@cvcu.bc.ca)  
[www.cvcu.bc.ca](http://www.cvcu.bc.ca)

# 2017 Annual Report



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## Board Chair and General Manager Report

On behalf of the Board of Directors and our employees, we would like to extend our appreciation to you, our Members, for your continued support.

Columbia Valley Credit Union had another successful year in 2017.

Our local economy improved and the housing market saw good activity resulting in an increased demand for Mortgages and good growth for our loan products. This complemented our strategy to lend out our excess liquidity for a better return on our investments.

As a community based Credit Union, we shared our profits with our members and community. We were able to return over \$356,000 in shareholders' interest and loan rebates. The loan rebates represented a 6% return to Commercial and Retail borrowers. Over \$31,000 was also donated this year to support organizations, events, and non-profits in our community, including school bursaries of \$10,000 to assist our youth with their education expenses. Our staff continues to be involved in our community through active participation in service clubs, organizations and local schools.

Our employees are key to our Credit Union's success and we would like to thank them for all their efforts in 2017. We will continue to invest in our employees to support their commitment in delivering an excellent service experience.

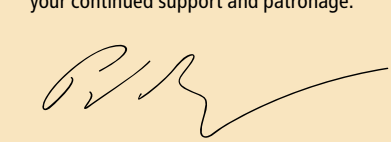
We would also like to recognize our Board for their continued direction and dedication to Columbia Valley Credit Union. This past year the Board continued their training to provide strong Governance and to ensure regulatory requirements were met.

The Columbia Valley Credit Union continues to be at the forefront of technology, enhancing our existing banking systems, allowing for improved access and additional services to our membership including smart phone banking, interac flash contactless debit cards and enhanced online banking for business e-transfers.

We continue to collaborate with our Peer Credit Unions in our Region and would like to advise that together, the Boards of Directors at Columbia Valley, Creston & District, East Kootenay Community, Grand Forks, Heritage, Kootenay Savings, and Nelson & District Credit Unions are exploring the potential benefits of an amalgamation to determine if it is the right choice for their respective operations. In the end, members will ultimately make the final decision for their credit union by way of a membership vote.

This is only the beginning of an exploration, and will be an ongoing journey. Members are encouraged to stay informed by visiting your credit union's website or [www.exploringstrengthandunity.ca](http://www.exploringstrengthandunity.ca) for updates, or stop by your local credit union branch to pick up an information postcard.

We are looking forward to continuing to serve you, our members, and to your continued support and patronage.



**Paul Ricard**  
Board Chair



**Sharon Eddy**  
General Manager

## Board of Director Candidates

Glen Ewan



After nearly 40 years as a lawyer in Golden and now retired from the practise of law, it is time for me to give back to the community. I have been a CVCU member since arriving here and am a firm believer in the credit union movement. While in law school I was part of starting a credit union for students and staff at UBC and thoroughly enjoyed the success of that enterprise.

Outside my wide experience as a lawyer, I have been the Chair of the Golden & District Community Foundation and am proud to have been a part of many other community projects from the founding of the Golden Golf Club to the restoration of the Civic Centre. Many CVCU members have attended my free law classes at the College of the Rockies on topics from wills and estates to the new Society Act of BC.

We have many challenges ahead for the Columbia Valley Credit Union. I am asking you to give me a chance to use my expertise to meet those challenges on your behalf.

Lyle Johnson



I was born right here in Golden and grew up in the valley ... third generation actually. I opened an account at this credit union in 1969 and have been a member ever since. The Columbia Valley Credit Union has been a huge part of my life; buying my home, raising my children, becoming a business owner.

I am a strong believer in Community and the Credit Union System and have witnessed the way it has benefited our Town and people like you and I. My desire to contribute to this community led to my previous service on the Whitetooth Ski Society Board of Directors (1992-1999) and as a Director for this Credit Union Board (1999-2014).

My experiences as a small business owner, and employee of 36+ years at our community's largest employer, has helped me understand the important role that the Credit Union plays in supporting the financial health of our evolving community.

Through my years with the CVCU Board, I served as Chair, Vice-Chair, and as the local representative on the Kootenay Credit Union Peer Group, for which I was Treasurer. These roles allowed me to develop a keen understanding of Board Operations and the Credit Union System. I would like to use my strong values of community, accountability and transparency and my knowledge and expertise of the credit union system to represent you, the membership, for the next 3 years as we navigate our way through the big changes in our near future.

Thank you for your support.

Nola Milum



Over the last six years serving as one of your directors of the Columbia Valley Credit Union I have taken on the challenge with one goal in mind. How do I best serve you? It is my job as a director to put my experience in the community, in business and in life to work for you, our members. I chair the Investment and Lending Committee, and am the current Vice Chair of this Board. I am the current

Chair of our Peer Group Executive, and plan industry and governance training for directors in the East and West Kootenays. I'm also a director of the Golden and District Community Foundation, as well as the Golden Community Resources Society. These boards have one thing in common – all 3 organizations are passionate about serving our community, and so am I.

What I know about our community is that change is constant, and not easy. We have transformed from a logging community to a diversified tourism/transportation/logging community, but the growing sector, tourism, does not create high wage jobs. How then can CVCU support those operators and workers with the banking services they need. We look to the future, and plan for the future, certain only that more change will be coming, and CVCU must remain relevant and responsive to member needs.

Paul Ricard



I was born in Golden, BC and lived here most of my life. My family came to Golden in 1881 opening the first store and were instrumental in naming the town of Golden. I have been a member of the Columbia Valley Credit Union for more than 58 years. I first joined when I had to bring a dime to school in grade 1 or 2, each week to deposit into the credit union to learn about saving money.

I am retired, after over 40 years of holding many different positions within various large companies, as an Accountant, CFO, Operations Manager and management roles. I am actively involved in the Metis Nation Columbia River Society as President, and have previously sat on numerous boards serving the community of Golden.

I have been on the Columbia Valley Credit Union Board for 12 years, 9 of which I was the Board Chair. Upon completion of one final course, I will be eligible to be accredited by Dalhousie University as an Accredited Canadian Credit Union Director.

My wife Lois and I enjoy spending time with our granddaughters, camping, fishing, golfing and curling.

Scott King



I began serving on the Columbia Valley Credit Union Board seven years ago. In addition to serving as a director I have held the positions of Vice-Chair and Secretary and served as both a member and Chair of the various committees of the Board. I am a strong supporter of continuing education and have successfully completed Level A, B and C of the Accredited Canadian Credit Union Director training.

I am now studying to write the final accreditation exam.

Through the credit union system, I learned about the Junior Achievement volunteer program. This program is the largest non-government organization dedicated to educating young people about business. For the past five years I have volunteered teaching the Junior Achievement program at the local high school.

My wife Connie and I moved to Golden in 1996. We have raised two credit union members that are now off to post secondary education. I work for Louisiana-Pacific Corporation Limited as the Silviculture

## Summary Consolidated Statement of Financial Position

December 31, 2017

|  | 2017                  | 2016                  |
|--|-----------------------|-----------------------|
| <b>Assets</b>                            |                       |                       |
| Cash and Term Deposits                   | \$ 31,585,046         | \$ 33,326,498         |
| Investments                              | 915,253               | 857,165               |
| Members' Loans                           | 117,708,812           | 106,463,323           |
| Property, Plant and Equipment            | 2,071,058             | 2,189,322             |
| Intangible Assets                        | 43,365                | 48,469                |
| Other Assets                             | 94,061                | 56,822                |
|  | <u>\$ 152,417,595</u> | <u>\$ 142,941,599</u> |
| <b>Liabilities and Members' Equity</b>   |                       |                       |
| Accounts Payable and Accrued Liabilities | \$ 378,630            | \$ 300,955            |
| Members' Deposits                        | 136,009,556           | 127,574,925           |
| Deferred Income Taxes                    | 58,201                | 4,601                 |
|  | <u>136,446,387</u>    | <u>127,880,481</u>    |
| Members' Equity                          |                       |                       |
| Share Capital                            | 104,951               | 105,346               |
| Accumulated Other Comprehensive Income   | 130,804               | 0                     |
| Retained Earnings                        | 15,735,453            | 14,955,772            |
|  | <u>15,971,208</u>     | <u>15,061,118</u>     |
|  | <u>\$ 152,417,595</u> | <u>\$ 142,941,599</u> |

On behalf of the board,

Atma Sandher, Director

Richard Dale, Director

Forester and have been growing trees in and around Golden since that time. Connie and I love to travel and spend our leisure time hiking, skiing, and walking the dog.

## NOTICE OF ELECTION - ANNUAL GENERAL MEETING 2018

All Columbia Valley Credit Union members are invited to cast their ballots for our Board of Directors at our Annual General Meeting (AGM) at the Seniors Centre April 19, 2018 at 7:00 pm.

## Statement of Income and Retained Earnings

Year Ended December 31, 2017

|   | 2017                 | 2016                 |
|---|----------------------|----------------------|
| <b>Interest Income</b>                            |                      |                      |
| Interest from Loans                               | \$ 3,851,543         | \$ 3,581,151         |
| Interest from Investments                         | 524,176              | 730,012              |
|   | <u>4,375,719</u>     | <u>4,311,163</u>     |
| Interest and Loan Related Expenses                | 1,234,063            | 1,275,419            |
| Financial Margin                                  | <u>3,141,656</u>     | <u>3,035,744</u>     |
| <b>Expenses</b>                                   |                      |                      |
| Operating Expenses                                | 2,827,166            | 2,853,906            |
| <b>Income from operations</b>                     | <u>314,490</u>       | <u>181,838</u>       |
| Other Income (Expenses)                           |                      |                      |
| Service Fees, Commissions and Rental              | 808,156              | 625,010              |
| Recoveries on Loans and Property for Resale       | 131,545              | 115,318              |
| Processing and Handling Fees                      | (69,420)             | (90,085)             |
|   | <u>870,281</u>       | <u>650,243</u>       |
| Income Before Income Taxes and Rewards to Members | <u>1,184,771</u>     | <u>832,081</u>       |
| Income Taxes                                      |                      |                      |
| Current   | 201,333              | 99,088               |
| Deferred  | 5,221                | (6,075)              |
|   | <u>206,554</u>       | <u>93,013</u>        |
| Income Before Rewards to Members                  | 978,217              | 739,068              |
| Rewards to Members                                | 198,536              | 219,208              |
| <b>Net Income</b>                                 | <u>779,681</u>       | <u>519,860</u>       |
| Retained Earnings - Beginning of Year             | 14,955,772           | 14,435,912           |
| <b>Retained Earnings - End of Year</b>            | <u>\$ 15,735,453</u> | <u>\$ 14,955,772</u> |

Full financial statements with accompanying notes and a comprehensive annual report are available in branch or upon request.